

The Proposed St. Leo Residence for Veterans &  
Veterans Affairs Clinic

## Executive Summary

Hello, Mr. Chairman, honorable committee members and guests. My name is William D'Arcy. I am employed at Catholic Charities of Chicago as the Chief Operating Officer of the Catholic Charities Housing Development Corporation.

In the context of this hearing about homeless assistance programs for veterans, I am honored to offer testimony about the Proposed St. Leo Residence for Veterans and the Veterans Affairs Clinic that Catholic Charities seeks to develop in the City of Chicago.

### St. Leo Residence for Veterans

We at Catholic Charities have been working closely with the U.S. Department of Veterans Affairs for 18 months to develop a pilot project and have made significant progress.

Catholic Charities designed its pilot project to include a residence of 141 studio apartments for homeless veterans, and a nearby outpatient clinic for veterans.

### Purposes of the Housing

Supportive housing can help people transform their lives. Following the guidelines from the Department of Veterans Affairs, the purposes of the housing are to:

- House 141 adult veterans;
- Provide supportive services and counseling to veterans with the goal of making them self-sufficient;
- Require each veteran to seek/obtain/maintain employment;
- Charge a reasonable fee for rent; and
- Maintain strict guidelines about sobriety as a condition of occupancy.

We at Catholic Charities of Chicago have been working with people to become more productive individuals and citizens for 87 years. Last year, Catholic Charities served 75 veterans in our overnight shelter program in Chicago.

### A Successful Pilot Program

My remarks will focus on 3 components of a successful pilot housing program, namely: funding for construction, supportive services for the veterans, and rental assistance vouchers for veteran tenants.

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Regarding the proposed St. Leo Residence for Veterans and Veterans Affairs Clinic, let me report that:

- Catholic Charities has procured commitments for some of the construction funding already; applications for additional funding have been submitted and decisions are pending; and
- Catholic Charities will join the Department of Veterans Affairs and the Department of Labor in providing qualified staff to deliver a range of supportive services to the veterans who live in the St. Leo Residence. These tenants will receive services at the Veterans Affairs Clinic and in the St. Leo Residence.

### Rental Assistance Vouchers

Today, I want to speak about the third important component of a viable housing development for homeless veterans, namely, rental assistance vouchers for some of the veterans who will be tenants.

As I read Public Law 107-95, I see that the importance of rental assistance vouchers was anticipated in Section 12 that amended the United States Housing Act of 1937. As enacted, a total of 5,000 vouchers were to be funded in four fiscal years. Such vouchers would guarantee some rental income to a project. Unfortunately, the funds for these vouchers were not appropriated.

Why are rental assistance vouchers important? Simply because housing homeless veterans is a risky business venture. The majority of veterans who move in will not have any income to pay rent. They will need a safety net at first. To operate such a business, a stream of identifiable rental income is critical.

The sponsor of a pilot project to house homeless veterans will assemble a financing package for the construction. In projects using low income housing tax credits, purchasers of the tax credits want assurance that a homeless veteran housing project will be financially viable. A guarantee of rental income provides comfort that there will be operating income and that a loan can be repaid, such as one offered under the Veterans Affairs Loan Guarantee program.

### Project Financing

Catholic Charities has structured its construction financing plan with 9 layers of funding. The estimated cost of construction for the St. Leo Residence for Veterans and the nearby Veterans Affairs Clinic is \$18.3 million.

The largest sources of funding include: \$11 million from Low Income Housing Tax Credits through the State of Illinois; the Department of Veterans Affairs loan of \$3.2 million; and Catholic Charities Housing Development Corporation will provide \$1.3

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million in owner equity. Combined, these sources represent 85% of the totals funds. The remaining funds will be derived from other grants and low interest loans.

### Approval from Funding Agencies

As a sponsor of a pilot project for homeless veterans, Catholic Charities wants to offer low rents to the veteran tenants. By requesting rental assistance vouchers for 70 apartments, those veterans would pay only 30% of their income for rent. The rents for the other 71 apartments can be set in the range of \$250.00 to \$300.00 per month. This will assist veterans to achieve some financial stability.

If the financial analysis shows that the St. Leo Residence will receive sufficient rental income to repay the debt, then the project can be approved by the various funding agencies. In the case of the Catholic Charities pilot project, the guarantee of rental income from rental assistance vouchers is a “deal maker” or a “deal breaker.”

### Congressional Action Requested

Thus, I ask you to take congressional action to fund the first year of rental assistance vouchers as noted in Public Law 107-95, Section 12. I ask that the 500 vouchers envisioned in the first funding year be allocated to the pilot projects currently being developed by the Department of Veterans Affairs and their partners across the country.

Further, I request that these vouchers be designated as “project based” vouchers that remain with the buildings to serve veterans for a 15 year period that matches the compliance period of the Low Income Housing Tax Credits.

Lastly, I ask that 70 of these project based housing choice vouchers be “earmarked” for the St. Leo Residence for Veterans in Chicago, Illinois.

If these rental assistance voucher requests can be implemented in the federal FY05 budget, the proposed St. Leo Residence for Veterans and the Veterans Affairs Clinic in Chicago will be able to move forward and become a reality within a year or so.

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## An Invitation to Participate

In November 2002, representatives of the Department of Veterans Affairs invited Catholic Charities of the Archdiocese of Chicago to join in a national pilot program aimed at developing transitional housing for homeless veterans.

Catholic Charities Housing Development Corporation has sponsored, developed and managed affordable housing in Cook County, Illinois since 1985. Catholic Charities presently manages 18 affordable housing properties that serve 1,300 adults daily.

In addition, the Catholic Charities Division of Parish and Family Support currently operates 17 shelters and transitional housing sites that serve more than 700 people daily. Combined, Catholic Charities serves 2,000 low income adults and children each day.

### Mission and Vision

The mission of this project is to develop apartments for homeless veterans and provide them medical services, mental health counseling, job training and case management supportive services from the Veterans Affairs Clinic and in the St. Leo Residence.

The vision is to attract veterans from the Chicago area to live in a safe and sober environment while they obtain employment, improve their ability to live independently and attain financial stability. It is assumed that veterans will voluntarily move out when they have opportunities for better jobs and more independent living arrangements.

### The Unmet Need

The Department of Veterans Affairs estimates that there are as many as 250,000 homeless veterans in the United States. The six county metropolitan Chicago area has a high concentration of high priority veterans and is estimated to have as many as 18,000 homeless veterans.

The proposed St. Leo Residence for Veterans will serve a tenant population comprised of chronically homeless and mentally ill veterans who are highly eligible and highly connected to veteran's services.

In addition, the Department of Veterans Affairs regional Veterans Integrated Service Network 12 maintains a zip code analysis of Chicago veteran patients that indicates over 8,000 veterans reside on the south and southeast sides of Chicago. The proposed clinic will serve this group and provide the convenience of reduced transportation time to receive care.

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## Project Summary

### Project Description

The veterans will live in 141 studio units and each studio unit will have its own kitchen and full bathroom. The apartment building will have common recreational and meeting areas. There will be a front door monitor at the main desk on a 24 hour per day, 7 days per week schedule. There will be off-street parking as required by the zoning ordinance.

### Site

The proposed St. Leo Residence for Veterans will be located at 7750 S. Emerald Avenue, Chicago, Illinois 60620. It is the site of a closed Catholic church that the Archdiocese of Chicago made available for this project. The nearby Veterans Affairs Clinic will be located at 7731 S. Halsted Street, one block west.

These sites are located in the Auburn-Gresham neighborhood within the 17<sup>th</sup> Ward of the City of Chicago and the First Congressional District in Illinois. The nearest public transportation transfer site is at the corner of 79<sup>th</sup> Street and Halsted Street. There is dependable public transportation on the east- west route as well as the north-south route. In addition, 79<sup>th</sup> Street offers easy access to many businesses for shopping, banking, grocery stores, pharmacies and restaurants.

### Clinic Services

The Department of Veterans Affairs will operate a nearby community based outpatient clinic to serve the large population of veterans who live on the south side of Chicago. The clinic is proposed to have 16,000 square feet. Services on the first floor will include medical health care and mental health counseling. The second floor space would be used for a job training classroom, a computer lab, Veterans Benefits Administration office, Department of Labor offices, meeting rooms and staff offices.

### Services in St. Leo Residence

Catholic Charities will provide case managers to work with the resident veterans. There will be a housing locator to assist veterans with the transition to rental housing in the community of their choice. There will also be a community liaison staff person to meet with business and church leaders as well as local officials in the pursuit of employment opportunities.

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Cost

The cost of construction is estimated at \$18,308,122 for the 141 studio apartments and community based outpatient clinic.

Construction Financing

<b>Source</b>	<b>Amount</b>	<b>Status</b>
Veterans Affairs loan	\$3,225,000, 7%, 40 years	Conditionally approved
Illinois Housing Development Authority Trust Fund loan	\$750,000, 1%, 40 years	Conditionally approved
McKinney Supportive Housing Program Grant	\$400,000	Conditionally approved
Catholic Charities Housing Development Corp. equity	\$1,300,000	Committed - Illinois "donation" tax credits
Illinois Low Income Housing Tax Credits	\$10,991,267 yield from sale	Decision pending
Illinois Dept. Commerce & Economic Opportunity Energy Grant	\$141,855	Decision pending
Federal Home Loan Bank loan	\$750,000, 0%, 40 years	Apply in Fall 2004
FY05 HUD/VA grant	\$500,000	Illinois delegation request
Chicago Community Trust grant	\$250,000	Apply in Fall 2004

Partners

The efforts and resources of four groups are being combined in this project, namely: the Department of Veterans Affairs, the Catholic Charities Housing Development Corporation, the Roman Catholic Archdiocese of Chicago and the Department of Labor.

Other pilot project collaborators will provide funding or in-kind services: Illinois Housing Development Authority, Illinois Department of Commerce & Economic Opportunity, Federal Home Loan Bank, U.S. Department of Housing & Urban Development, Chicago Community Trust, and City of Chicago Department of Housing.

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## Project Readiness

### Sponsor

Catholic Charities Housing Development Corporation will function as the developer of the project and will assemble the financing.

### Property Management Firm

Catholic Charities Housing Development Corporation will function as the property manager.

### Service Coordination

Catholic Charities case managers from the Division of Family and Parish Support will collaborate with staff from the Department of Veterans Affairs and the Department of Labor to coordinate a continuum of services for the veterans who live in St. Leo Residence.

### Site Control

Catholic Charities Housing Development Corporation purchased the land for the proposed residence from the Archdiocese of Chicago in June 2003. In addition, Catholic Charities Housing Development Corporation purchased land for the clinic from private owners in November 2003.

### Zoning

The City of Chicago approved zoning for the residence site in November 2003. The proposed clinic site is already zoned correctly.

### Rental Assistance Vouchers

Catholic Charities Housing Development Corporation requests that 70 project based rental assistance vouchers be earmarked for the St. Leo Residence for Veterans in the federal FY05 budget.

### Local Support

The St. Leo Residence for Veterans and Veterans Affairs Clinic project has received strong support from elected officials, namely: U.S. Representative Bobby L. Rush, State Senator Jacqueline Collins and Alderman Latasha Thomas of the 17<sup>th</sup> Ward. Letters of support have been received from local clergy and business leaders. In addition, there are 25 linkage agencies that agreed to refer veterans to the St. Leo Residence.

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## Conclusion

In 2003, Catholic Charities staff served over 800,000 people in Cook and Lake Counties, Illinois. We assist people to achieve self-sufficiency with “wrap-around” services that address the many levels of need causing them to seek help.

We at Catholic Charities believe that it is very important to end chronic homelessness. We support the efforts of the House Committee on Veterans Affairs to remedy this problem among veterans who served our country.

We believe the proposed St. Leo Residence for Veterans and Veterans Affairs Clinic will make a real contribution to the national plan to end homelessness as well as the City of Chicago’s efforts to achieve the same goal. It will become a model for assisting homeless veterans that will be replicable in other communities.